

Southeast Wisconsin

I would like to start today with a quick introduction about why economic development is such an important issue for the State in general and then get quickly into southeastern Wisconsin, in particular.

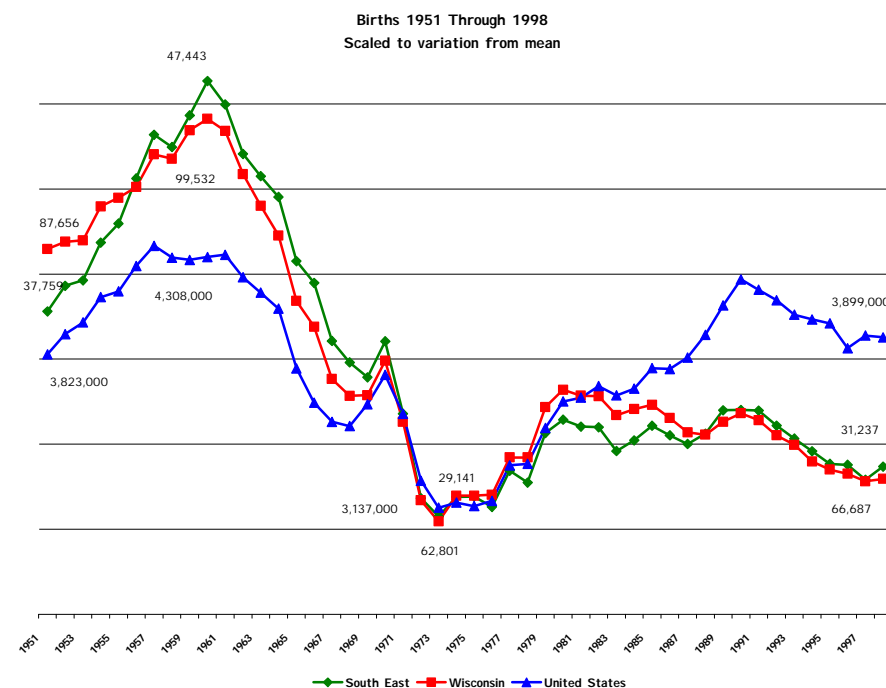
- The state is losing young people particularly our college educated young people at an alarming rate.
- Wisconsin has one of the highest female labor force participation rates in the United States. While that is not a problem by itself, it comes with considerable cost in terms of families.
- Related to this high labor force participation rate for females, is an increasingly low birth total for the state.
- Wisconsin has a very high concentration of employment in manufacturing, which in and of itself is probably desirable, but it makes us very vulnerable in economic downturn cycles such as we are presently going through.
- Closely related is the fact that Wisconsin companies are often targets for takeover by other firms, particularly firms located outside of Wisconsin and often outside of the country. By itself, not much of a problem, but when those firms are considering downsizing, the Wisconsin operations are much more vulnerable than the home office sites.
- We have a very large Baby Boom age cohort that is fast approaching retirement age. The oldest of Baby Boomers is now 56 years old.
- Income levels for the state are not keeping up with national trends, but even more troubling, they are falling farther and farther behind our neighbor states of Minnesota and Illinois.

And, you're maybe wondering why we think a regional approach is so important to Wisconsin. The most important reason is that Wisconsin's population is extraordinarily dispersed throughout the State. Minnesota, for example, has five metro areas and or metro counties, where 69 percent of Minnesota's population lives. Wisconsin has fourteen metro areas or counties where 67 percent of our population lives. In Minnesota, however, 85 per-

cent of the metro area population lives in the Twin Cities metro area. In Wisconsin, only 40 percent of our metro population live in the Milwaukee/Waukesha metro area. In Illinois the concentration is even more pronounced. Eighty-five percent of Illinois' population lives in the nine metro areas of the state and 70 percent of those people live in the Chicago metro area.

Southeast Wisconsin as we are calling this part of the state is not a specific entity. It is not even a loosely knit federation. It is most certainly not a bureaucratically designated zone. It is merely a geographic area of the state. Whether it contains this county or that county is of no great concern. What is of concern is that this area of the State of Wisconsin be given encouragement and support in its effort to grow and prosper. What I would like to share with you today is an outsider's view of your area. Again, I am not suggesting you all belong to each other. I am merely looking at a small "a" - area of the State of Wisconsin. Included in the data I'm looking at today are Dodge, Jefferson, Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington and Waukesha counties.

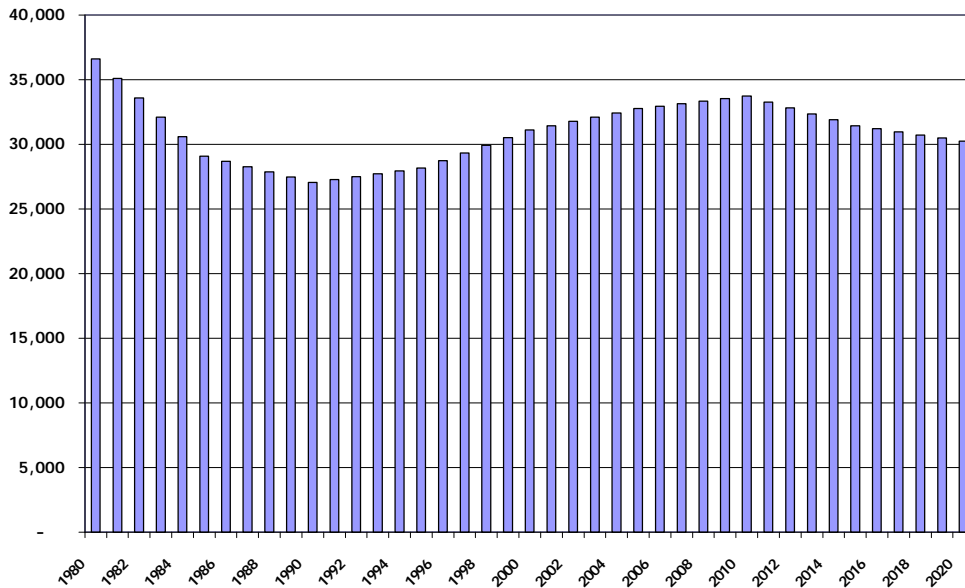
First, let me tell you some things about yourselves. There are about 2,100,000 people living in this nine county area. This is about 39 percent of the state's population of 5,363,675 as of 2000. In the last 100 years, the period from 1900 to 2000, this area of the state has increased its population 259 percent, growing from 583,200 people to 2,092,826 people. During that same time span, the State of Wisconsin grew 159.2 percent, from 2,069,000 to 5,364,000. Since 1960, however, this area has grown much slower than the State, going from 1,686,900 to



2,092,826, a 24 percent increase. The State was growing from 3,952,000 to 5,364,000, a 35.7 percent increase.

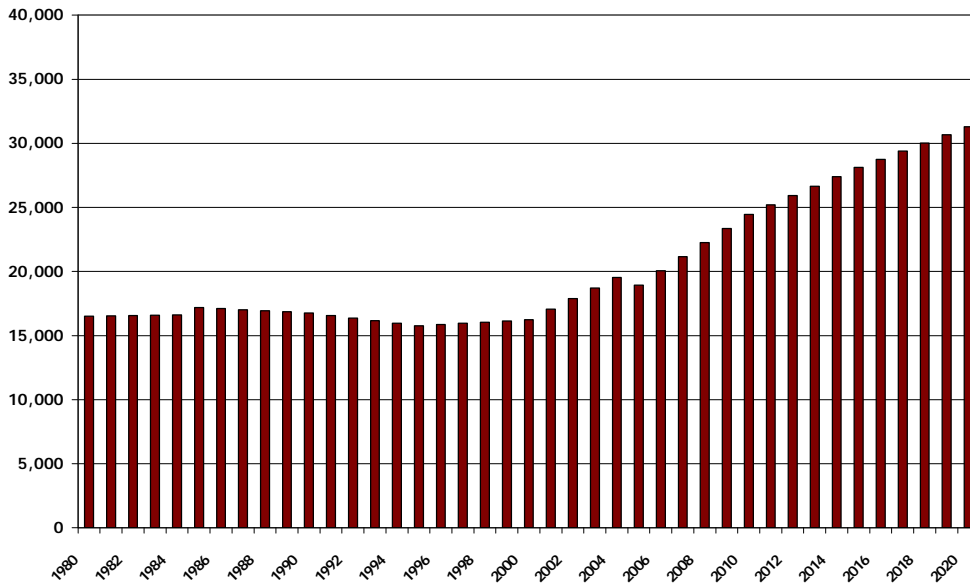
In a state that is aging very rapidly, this area is aging somewhat less rapidly. The average age of the population in the southeast area of the state was 35.2 years in 1990. The state average age was 35.5. By 2000, the region had increased to 36.2 while the state increased to 36.8. By 2020, the southeast area will have an average age of 39.0. The state is expected to reach 39.9 by 2020. This is misleading, however, as several counties in southeastern Wisconsin will reach an average of 41 or more years of age, while others, notably Milwaukee County, will have

**Southeast Region
18 Years of Age
1980-2020**



Source: U.S. Bureau of Census and WI Dept of Administration Demographic Services

**Southeast Region
65 Years of Age
1980-2020**



Source: U.S. Bureau of Census and WI Dept. of Administration

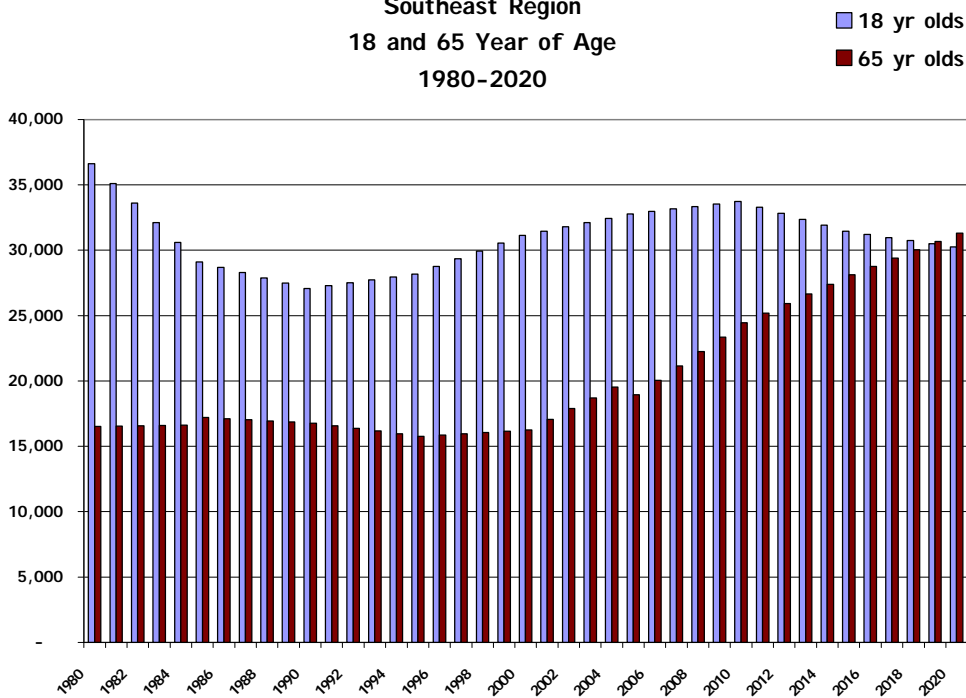
an average age of just under 37.

The reason for this is the juncture of two or three closely related demographic developments. First, the area is experiencing a dramatic change in the number of births. This graphic says it better than I can. We're looking at the United States, Wisconsin, and the southeastern area of Wisconsin.

Notice in particular, the drop in births between 1951 and 1973 for southeastern Wisconsin. From 47,443 to 26,405, a drop of 21,038, or 44.3 percent. For Wisconsin, the drop was also very dramatic, from 87,656 to 62,801, a 28 percent decrease. The United States, which went from 3,823,000 to 3,137,000, was a much less dramatic 17.9 percent decrease. There has been some recovery since 1973 for both the southeastern area of the state and the state itself, but both have fallen short of the recovery for the United States.

What follows this reduction in births is a reduction in young people turning eighteen years old. Here is a graphic illustrating the number of young people turning eighteen. A considerable drop from 1980 to 1990, followed by a strong increase up to 2009, then a gradual reduction through 2020. Remember that the number of eighteen-year olds generally includes

**Southeast Region
18 and 65 Year of Age
1980-2020**



Source: U.S. Bureau of Census and WI Dept. of Administration

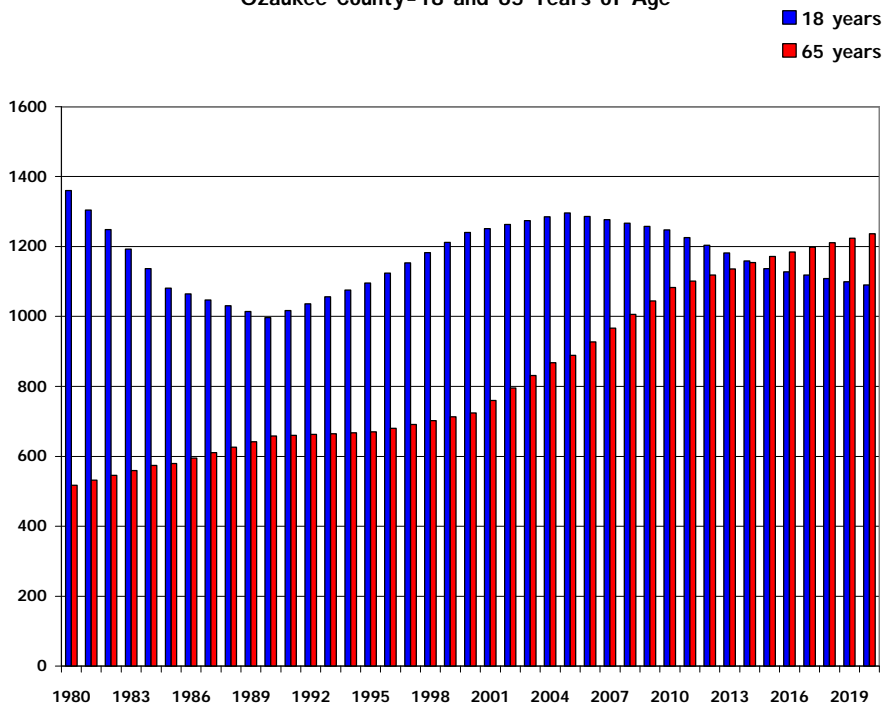
college students, who may not and often don't translate into labor market entrants for the location where they attend college or where their place of residents is. It also includes eighteen year-olds who have not finished high school and are often deemed not good labor market entrants.

This next graph shows us the number of people in the southeastern portion of the State turning

65 years of age each year. The area does fine until the day after tomorrow. Then suddenly in 2002, the increase in the number of people turning 65 begins. And, it is great. Between 2001 and 2016 the number of people turning 65 in the area grows from about 16,000 to 31,000 each year. That means that in addition to new jobs that might open up from growth, there will be an additional 25,000 jobs each and every year the direct result of retirement. And by the way, if we don't have people trained to take the place of the retiring

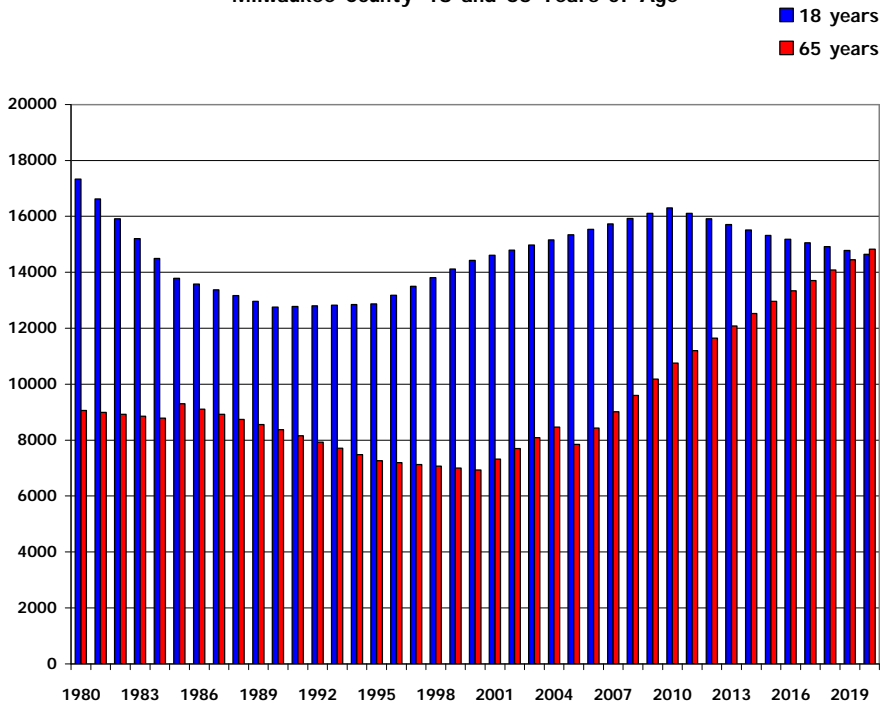
workers, the firms will move on to a place that does.

Ozaukee County-18 and 65 Years of Age



When we put these two graphs (above left) together they become more dramatic. We can see the squeeze really begins in about ten years. And by the way, the southeast area doesn't look quite as bad in this demographic change as does the State of Wisconsin. Complicating this graph is the fact that we're looking at demographic limits. We don't reach the limits, because our older workers retire before age 65,

Milwaukee County-18 and 65 Years of Age

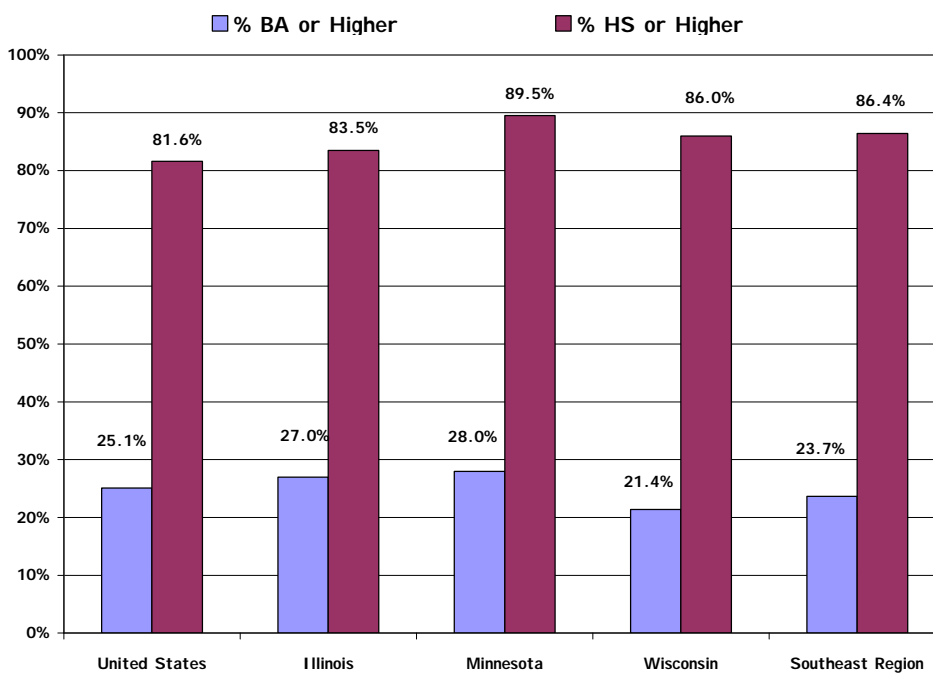


and our college graduates are leaving the state in alarming numbers as I mentioned earlier. But once again, southeastern Wisconsin has great disparity depending on where we focus our study. Here for example is Ozaukee County (previous page) where the number of people turning 65 will outpace the number of people turning 18 by about 2014. And, on the other hand we see Milwaukee County (left) where that doesn't happen until 2020. Milwaukee County, Racine County and Kenosha County look similar in this

graphic, while Dodge, Jefferson, Ozaukee, Walworth, Washington, and Waukesha counties look quite similar.

Here is a graph looking at the percentage of high school and then college graduates among 25 year old and older citizens for several geographic areas – the United States, Illinois, Minnesota, Wisconsin, and southeast Wisconsin. It is alarming that Wisconsin does so

Educational Attainment-25 years of Age and Older



Source: U.S. Bureau of Census, 2000, Supplemental File

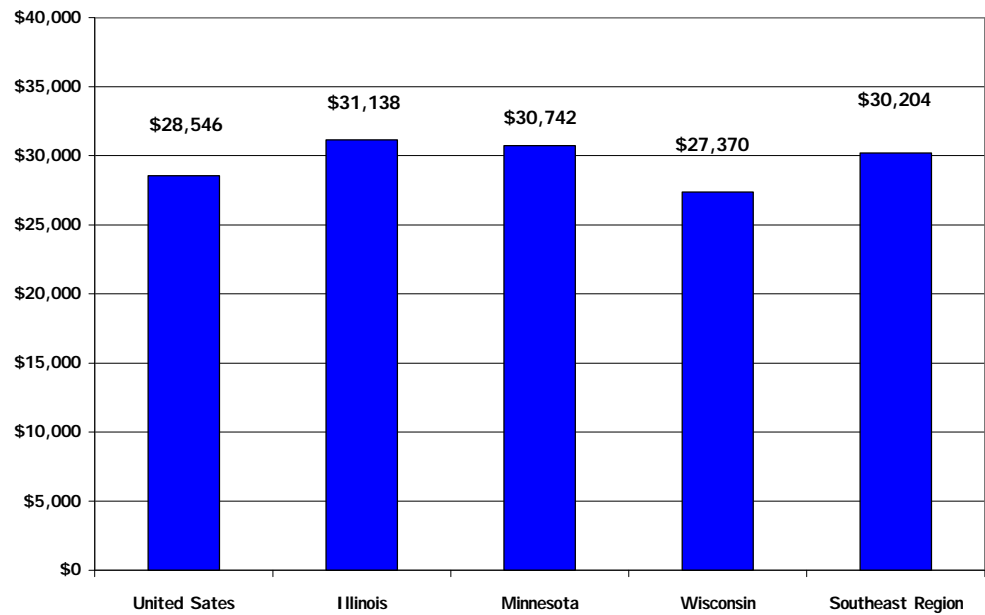
poorly at retaining college graduates. And, although southeast Wisconsin does better at retaining college graduates than the State, there is tremendous disparity throughout the southeastern area of the State. In fact, Waukesha County has about 34 percent of its 25 year old and older population with a baccalaureate degree or higher. There are counties in southeast Wis-

consin with half of that incidence.

Looking at per capita income, southeastern Wisconsin does pretty well in comparison to the rest of the state, and the nation.

United States:	
\$28,546	0.95
Illinois:	
\$31,138	1.03
Minnesota:	
\$30,742	1.02
Wisconsin:	
\$27,370	0.91
SE Wisconsin:	
\$30,204	1.00

1999 Per Capita Income



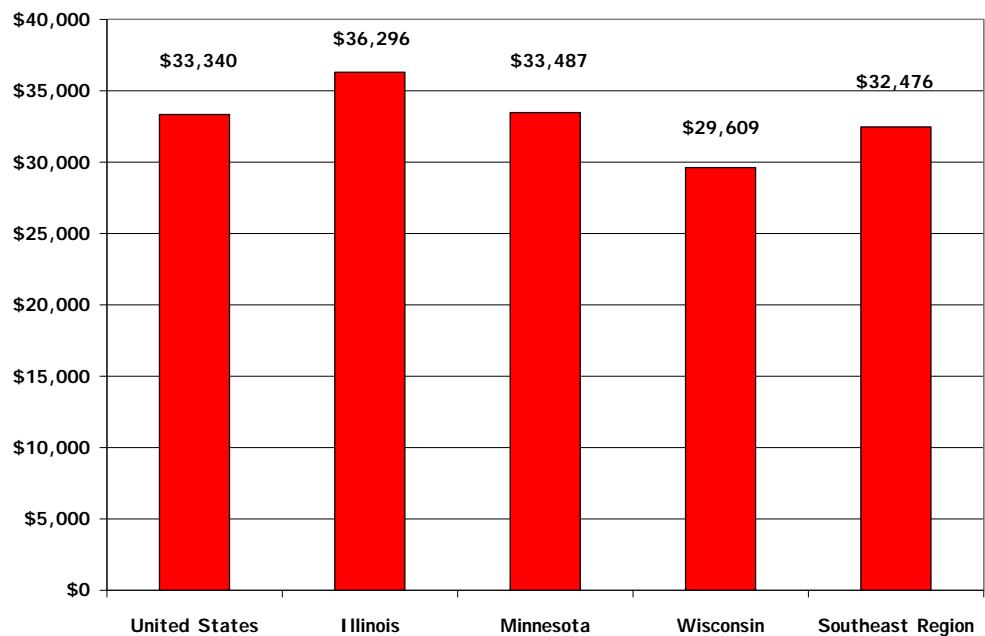
Source: U.S. Dept. of Labor, Bureau of Economic Analysis

This next graphic looks at average wage per job in the same areas. Once again, southeast Wisconsin does better than the state although not the nation. It should be noted that the way Wisconsin residents catch up with national citizens in annual per capita income is to hold more than one job.

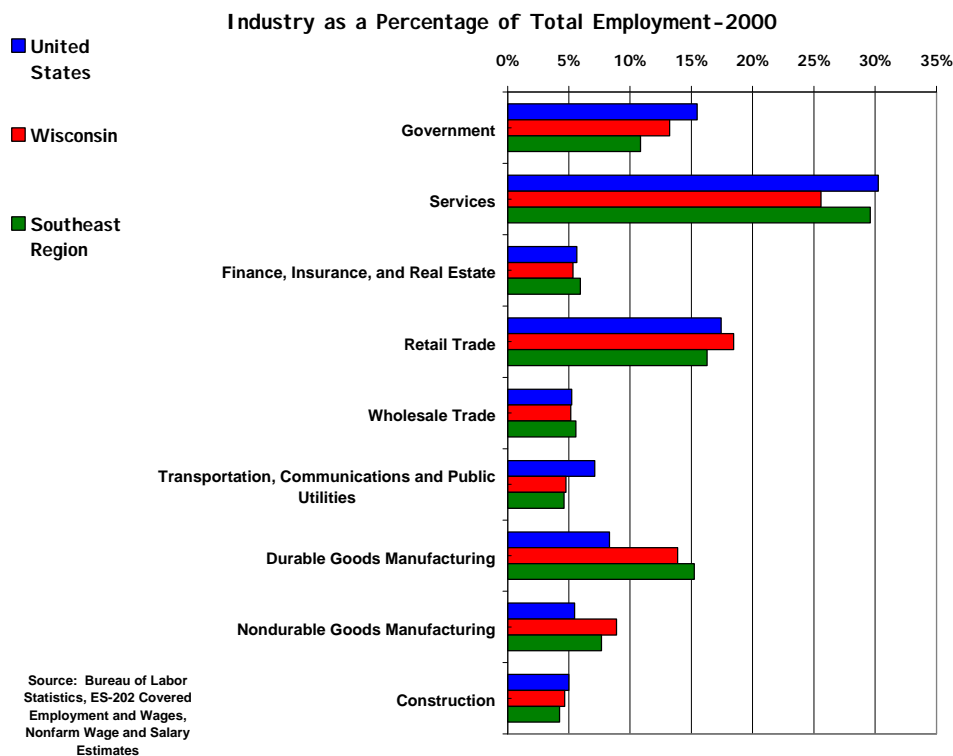
Let's change gears here for just a moment and look at where we work. This graphic looks at where workers find their jobs. I want you to look at it a bit and then I'll make a couple of observations.

The southeastern area of the state has very good strength in manufacturing, both durable goods manufacturing and non-

1999 Annual Average Wage Earned-All Industries



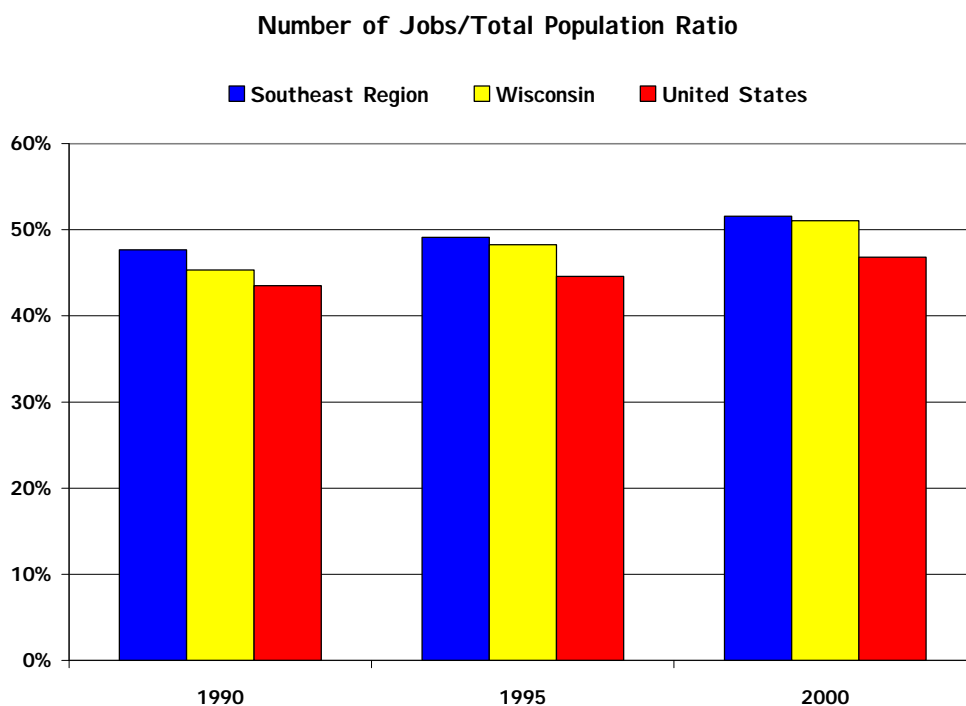
Source: Bureau of Labor Statistics, ES-202 Covered Employment and Wages, 1999



durable goods manufacturing. The durable goods manufacturing in southeast Wisconsin includes great strength in machinery, in electronic and electrical equipment and supplies, in fabricated metals, in primary metals, in transportation equipment, and in measuring, analyzing and controlling instruments. The area's strength in non-durable goods includes a juggernaut printing and publishing industry, and considerable

strength in food and kindred products manufacturing. The area also has good strength in finance, insurance and real estate, and in services.

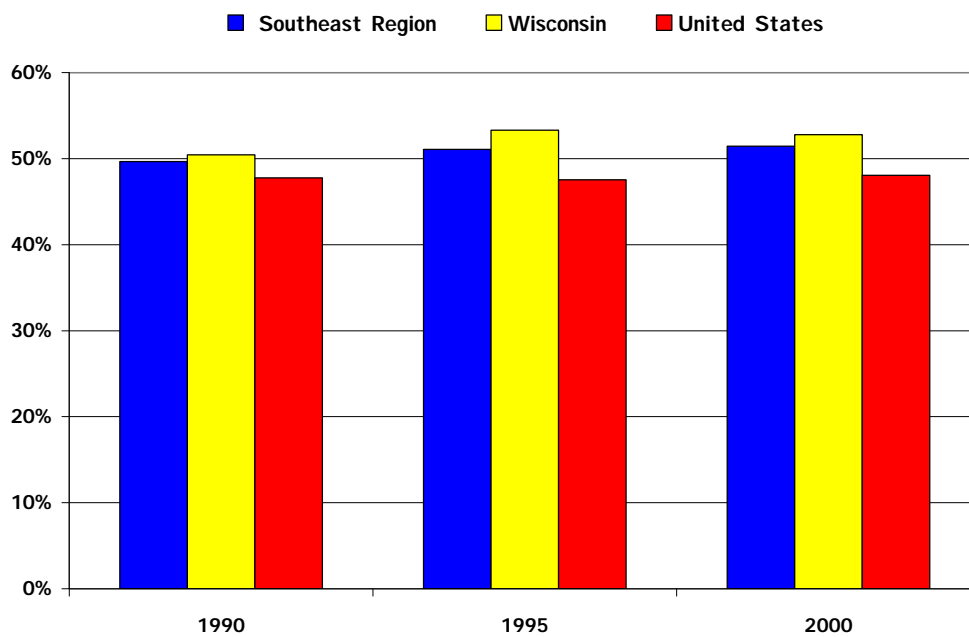
It is an area fairly weak in government sector employment. It is rather surprising that it also lags behind the U.S. and Wisconsin in retail trade in and in transportation, Construction is also quite low in the area, which is also rather surprising, but construction is closely associated with population growth.



Source: U.S. Bureau of Labor Statistics, Bureau of Census

The next two graphs explore the number of jobs per person in the area, for Wisconsin and for the U.S. for 1990, 1995, and 2000, and the ratio of the population employed. We can see the job growth for the area was strong for the 1990s although it lagged job growth for the state. This resulted in a fairly high employment

Employed/Total Population Ratio



Source: U.S. Bureau of Labor Statistics, Bureau of Census

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